

**APPROVE ENTERING INTO NEW LEASE AGREEMENT WITH
CHICAGO TRANSIT AUTHORITY FOR OFFICE OF THE INSPECTOR GENERAL**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a lease agreement with the Chicago Transit Authority ("CTA") for space located at 567 W. Lake St. for use by the Office of the Inspector General. A written lease agreement is currently being negotiated. The authority granted herein shall automatically rescind in the event a written lease agreement is not executed within 90 days of the date of this Board Report.

LANDLORD: Chicago Transit Authority c/o Transwestern
567 W. Lake St.
2nd floor
Chicago, IL 60661
Contact: James Runnion
Phone: (312) 681-2030

TENANT: Board of Education of the City of Chicago

PREMISES: 567 W. Lake St., 11th floor, consisting of approximately 7,971 rentable square feet, which is shown on the attached Exhibit A.

USE: Administrative space for the Office of the Inspector General.

TERM: The term of the lease shall commence on January 1, 2013, and shall end December 31, 2022. Landlord shall allow the Board access to the property beginning November 15, 2012, and through the commencement date to allow tenant improvement construction.

RENT: During Year 1 of the lease term, the Board shall pay a monthly base rent of \$18 per square foot (which includes operating expenses) plus actual electrical costs (which are estimated to be \$0.49 per square foot). The Board shall also pay a security deposit equal to 2 months rent (\$24,564) at the commencement of the lease. In addition, the lease shall allow rent abatement for the first 5 months of the term. Beginning Year 2, the base rent shall increase annually at a rate of \$0.50 per square foot. The actual electrical costs and operating expenses are estimated to increase at a rate of 3% per year.

<u>Year</u>	<u>Monthly Rent*</u>	<u>Annual Rent*</u>
Year 1 (2013)	\$12,282	\$110,538**
Year 2 (2014)	\$12,763	\$153,160
Year 3 (2015)	\$13,112	\$157,347
Year 4 (2016)	\$13,461	\$161,536
Year 5 (2017)	\$13,811	\$165,729
Year 6 (2018)	\$14,161	\$169,926
Year 7 (2019)	\$14,511	\$174,127
Year 8 (2020)	\$14,861	\$178,333
Year 9 (2021)	\$15,212	\$182,542
Year 10 (2022)	\$15,563	\$186,755
		Total: \$1,639,993

*Includes electrical costs and operating expenses

**Includes 5 months abatement and security deposit

CAPITAL IMPROVEMENTS: The Board shall be responsible for all capital improvements to the Premises. Such improvements may be made only upon prior approval by Landlord.

MAINTENANCE, REPAIRS AND OPERATING EXPENSES: The Landlord is responsible for performing maintenance and repair work. The Board is responsible for the actual electrical costs. The Board is also responsible for operating expenses at the rate of \$7.09 per sq ft, or the actual cost of such operating expenses, whichever is greater. Electrical costs and operating expenses are expected to increase at a rate of 3% per year.

RENEWAL OPTION: Upon mutual agreement of the parties the lease may be renewed for an additional 5 years. The Board shall provide landlord with 12 months written notice of its intent to renew. Landlord shall not unreasonably withhold its consent to such renewal, provided the Board is not in default of the lease. Rent under the 5 year renewal shall be as follows:

<u>Renewal Year</u>	<u>Monthly Rent*</u>	<u>Annual Rent</u>
Year 1 (2023)	\$15,914	\$190,973
Year 2 (2024)	\$16,266	\$195,197
Year 3 (2025)	\$16,619	\$199,423
Year 4 (2026)	\$16,971	\$203,655
Year 5 (2027)	\$17,324	\$207,892
Total:		\$997,140

*Includes electrical and operating expenses

INSURANCE/DEMNIIFICATION: Any and all insurance/indemnification language shall be negotiated by the General Counsel.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written license agreement. Authorize the President and Secretary to execute the license agreement. Authorize the Chief Facilities Officer to execute any and all ancillary documents related to the license agreement.

AFFIRMATIVE ACTION: Exempt

LSC REVIEW: Not applicable

FINANCIAL: The total amount to be paid by the Board for the 10-year term is **\$1,639,993**

Charge to Office of the Inspector General:

January 1, 2013-June 30, 2013	\$36,846	FY13
Budget Classification: 10320-115-57705-252801-2013		
July 1, 2013-June 31, 2014	\$150,270	FY14
Budget Classification: 10320-115-57705-252801-2014		
July 1, 2014-June 30, 2015	\$155,252	FY15
Budget Classification: 10320-115-57705-252801-2015		
July 1, 2015-June 30, 2016	\$159,442	FY16
Budget Classification: 10320-115-57705-252801-2016		

July 1, 2016-June 30, 2017 \$163,633 FY17
Budget Classification: 10320-115-57705-252801-2017

July 1, 2017-June 30, 2018 \$167,828 FY18
Budget Classification: 10320-115-57705-252801-2018

July 1, 2018-June 30, 2019 \$172,026 FY19
Budget Classification: 10320-115-57705-252801-2019

July 1, 2019-June 30, 2020 \$176,230 FY20
Budget Classification: 10320-115-57705-252801-2020

July 1, 2020-June 30, 2021 \$182,546 FY21
Budget Classification: 10320-115-57705-252801-2021

July 1, 2021-June 30, 2022 \$184,649 FY22
Budget Classification: 10320-115-57705-252801-2022

July 1, 2022-December 31, 2022 \$95,487 FY23
Budget Classification: 10320-115-57705-252801-2023

FY13 – FY23 funding is contingent upon budget appropriation and approval.

General Conditions:

Inspector General – Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.

Indebtedness – The Board’s Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board’s Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the agreement.

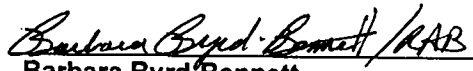
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



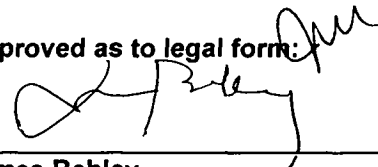
Patricia L. Taylor
Chief Operating Officer

Approved:



Barbara Byrd-Bennett
Chief Executive Officer

Approved as to legal form:



James Bebley
General Counsel